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IN THE

Supreme Court of the United States

October Term
No. [redacted] 157

1964

THOMAS ORGAN COMPANY, a California corporation,

Petitioner

vs.

JOHN A. NEAL and JOHN G. DUFFY, individually and doing business as WORK SHOP PUBLICATIONS, a co-partnership,

Respondents.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

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THOMAS ORGAN COMPANY, a California corporation,
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JOHN A. NEAL and JOHN G. DUFFY, individually and doing business as WORK SHOP PUBLICATIONS, a co-partnership,
Respondents.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit entered in the above case on December 27, 1963.

Opinions Below.

The opinion of the Court of Appeals for the Ninth Circuit is reported at 325 F. 2d 978 (9th Cir. 1964). The opinion of the District Court for the Southern District of California, Central Division, is unreported.

Jurisdiction.

On January 31, 1964, the petition for rehearing filed by the petitioner herein was denied. A copy of the opinion of the Court of Appeals for the Ninth Circuit is appended to this petition in the appendix as Exhibit A. The unreported opinion of the District Court for the Southern District of California, Central Division, is appended hereto in the appendix as Exhibit B. The jurisdiction of the Court is invoked under 28 U. S. C. 1254(1).

Questions Presented.

This case was instituted by respondents in the District Court under 28 U. S. Code Section 1338(a) for copyright infringement of a book of instruction prepared by respondents and sold to petitioner for use by petitioner in the sale and promotion of petitioner's musical instruments. The District Court held in favor of petitioner on the question of copyright infringement based on the Court's finding that the copyright notice was not placed in compliance with 17 U. S. Code Section 20. The respondents also had a cause of action for unfair competition in connection with the copyright infringement under the provisions of 28 U. S. Code Section 1338(b). The District Court held that the law of the State of California determined whether or not respondents were liable for unfair competition, and based upon such finding, held that the activities of respondents were not such as to create a claim for unfair competition under the laws of the State of California. Under appeal to the United States Court of Appeals for the Ninth Circuit, the Court of Appeals reversed the decision of the District Court, holding that the placement of the notice complied with the sections of 17

U. S. Code Section 20, and further holding that the pendent jurisdiction under 28 U. S. Code Section 1338(b) was to be applied in accordance with federal substantive law of unfair competition.

The questions presented are:

(1) whether the placement of copyright notice in respondents' printed publication on an untitled page which follows the blank reverse side of the cover and title page is in compliance with 17 U. S. Code Section 20;

(2) whether federal substantive law, rather than the law of the State of California in which the District Court is sitting, determines a claim for unfair competition under the District Court's pendent jurisdiction provided for in 28 U. S. Code Section 1338(b).

Statutes Involved.

The pertinent portion of 17 U. S. Code Section 20 is as follows:

> "The notice of copyright shall be applied in the case of a book or other printed publication, upon its title page or the page immediately following. . . ."

The pertinent portion of 28 U. S. Code Section 1338(b) is as follows:

> "The District Courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws."

Statement of the Case.

Respondents are the manufacturers of electronic organs and accessories. Respondents are a sound engineer and musician respectively who designed a course of instruction to be used in connection with petitioner's musical instruments. A printed instruction book that accompanied a set of records for use in connection with petitioner's musical instruments contained a copyright notice on what the District Court below found to be the third page of the book of instruction. The only place where the title "Have Fun at the Thomas Electronic Organ with Johnny Duffy" appeared was on the outside cover of the booklet and the reverse side of the cover was completely blank. On the next page following the blank reverse side of the cover and title page was the copyright notice, which otherwise was in compliance with the statutory provisions. The book of instruction was not a bound volume with hard cover, but was rather a booklet with a soft, malleable cover with the cover and the inside pages bound together by staples through the center of the leaves constituting the booklet. The leaves were then folded at the staples in the center to form the booklet effect. After petitioner had purchased a substantial quantity of the original editions of the booklet and the accompanying album of records, petitioner and respondents had a disagreement as to the price to be paid for the continuing publication and sale of the book of instruction and album of phonograph records. Respondents refused to make the further sales requested, and petitioner then determined to continue to print the book of instruction and make the records in order to continue their sale in the usual course of business. Petitioner offered to pay the royalty which petitioner believed had been agreed upon, and requested respondents' desires as to whether or not they continued to be identified with the course of instruction. Respondents refused to answer petitioner's request, and all references to respondents were eliminated from the book of instruction. The phonograph records were re-edited and re-issued, deleting for the most part the voice of one of the respondents, Mr. Duffy, which was on the original records.

The District Court, after trial, found that the copyright notice did not comply with the sections of 17 U. S. Code Section 20 in that it was on the third page of the publication and not on the title page or the page immediately following. The District Court also held that under the law of the State of California, which was controlling under these circumstances, there was no unfair competition practiced by petitioner against respondents. The Court of Appeals reversed these findings as clearly erroneous. The findings of fact are substantially set forth in the opinion of the Court of Appeals for the Ninth Circuit.

ARGUMENT AND REASONS FOR GRANTING THE WRIT.

A. Notice of Copyright Was Improper.

The Court of Appeals, in the instant case, took specific exception to the definitions and rulings as set forth in *Kraft v. Cohen*, 117 F. 2d 579 (3 Cir. 1941) which affirmed the findings of the District Court as to the proper placement of the copyright notice, which opinion of the District Court is found in 32 Fed. Supp. 821. The situation in the *Kraft* case is on all fours with the situation presented to the Court of Appeals in the instant action. There, the cover page was also the title page and the reverse side of the title page was blank, with the copyright notice being placed on the page immediately following the blank side of the cover. In *Booth v. Haggard*, 184 F. 2d 470 (8 Cir. 1950), the Court in that case also determined that the outside cover was the title page, and that the copyright notice must appear on that page or the inside of the cover immediately following it. The notice in the *Booth* case followed the hard cover of the book by three pages. Although the *Booth* case is not directly similar to the instant action because the notice did not appear on the first page following the inside of the cover, nevertheless the Court of Appeals for the Eighth Circuit was clear in their ruling that notice on any page except the cover page or the inside of the cover page would have been insufficient. In the case of *Coventry Ware, Inc. v. Reliance Picture Frame Company*, 288 F. 2d 193 (2 Cir. 1961), the Court of Appeals for the Second Circuit was ruling on a case involving the proper placement of copyright notice for an article which was not a book or printed publication, as we have in the instant case. However, in construing the applicability of 17 U. S. Code Section 20, the Court, at page 194, indicated its position concerning the placement of notice for books where it said:

> "It should be noted that Section 20 is the culmination of a long history of increasing liberalization of restrictions on the placement of notice. In the case of books and musical compositions, the placement of notice has always been rigidly and narrowly confined."

The Second Circuit also recognized that the proper interpretation of the sections relating to placement is based on the large body of judicial authority and the recognition of Congress of the attitude of the Courts in interpreting the statutes. Certainly every case prior to the instant ruling which has considered the question of placement of the copyright notice, has ruled that its proper placement in the location exactly specified by Congress is a prerequisite to the validity of a copyright. See: *Richards v. The New York Post*, 23 Fed. Supp. 619; *Bessett v. Germain*, 18 Fed. Supp. 249; *Moger v. W. H. D. H., Inc.*, 194 Fed. Supp. 605; *Siewek Tool Company v. Morton*, 128 Fed. Supp. 71; *Deward and Rich v. Bristol Savings and Loan Association*, 34 Fed. Supp. 345; *Booth v. Haggard, supra; Kraft v. Cohen, supra.* These cases have been unequivocal in their holding that notice on any other page than that indicated by the statute is ineffective, no matter how prominent, and that Courts may not dispense with this requirement.

The Court of Appeals in the instant action recognizes that the United States has refused to adopt for its citizens the practice prevalent in most European countries whereby notice is sufficient when placed in such manner and location as to give reasonable notice of the claim of copyright. Despite this recognition, the Court of Appeals nevertheless ruled:

> "Thus it seems reasonable for an average citizen to conclude that the page immediately following the title page could be the third page, because that is the first page on the first leaf. Of course, it would also be reasonable to conclude that notice on the inside front cover is sufficient. We think notice on either is sufficient, but limit our opinion to the peculiar circumstances of this case in which the title appears only on the cover, and in which the cover is of a harder and less malleable material than the leaves within."

The Court of Appeals thus appears to have adopted a rule of reasonableness contrary to its observations, and contrary to what appears to be the express rejection of such notice in 17 U. S. Code Section 9(c) where the United States by treaty adopted a lenient reasonable standard for non-resident aliens, but rejected such a standard for citizens of the United States. The Court of Appeals thereby has extended the proper placement of the copyright notice to the page immediately following the title page, or the page immediately following the page immediately following the title page. If such reasoning is correct, then this case is authority for further extensions of the notice as long as the Trial Court is convinced that the notice is in the place where it would be reasonable for an average citizen to conclude it should be.

The Court of Appeals in the instant action takes exception to the definitions of "page" established in the

Kraft v. Cohen case, *supra*, by stating that an average citizen would regard the cover as something different from the leaves of a book or pamphlet. However, the statute itself is self-defining and it states that the notice must appear upon the title "page" or the "page" immediately following. The finding of the District Court in the instant case is fully supported by the Appellate Court in holding that the cover is also the title page.

Therefore, the cover is a "page" within the definition of the statute, and therefore the reverse side of the cover must also be a "page." By statutory definition, the average citizen is precluded from determining that the cover is not a "page." If the contrary were true, then the publication for which statutory protection was attempted, would have no title page, and placement of the notice anywhere in the book could be ineffective. This reasoning, however, is unacceptable, and the cover is and can be a "page" within the statutory definition. See *Freeman v. The Trade Register*, 173 Fed. 419; *Booth v. Haggard, supra*. The correct answer as to what constitutes a page within the statutory definition is clear from the statute itself.

The issue now presented has never been decided by the Supreme Court of the United States upon facts similar to the ones now at bar. The Supreme Court, in *Mifflin v. R. H. White & Co.*, 190 U. S. 260, 23 S. Ct. 769, 47 L. Ed. 1040), in discussing the question of notice, stated it was incorrect to say any form of notice is good which calls attention to the person of whom inquiry can be made, and information obtained, since the right being purely statutory, the public may justly demand that the person claiming a monopoly of publication shall pursue, at least in substance, the statutory method of securing it. The case of *Washingtonian Publishing Co. v. Pearson*, 306 U. S. 30, 59 S. Ct. 397, 83 L. Ed. 870, has been cited for the proposition that copyright may be secured by liberally construed "substantial" compliance. Such reliance, particularly in connection with the question of placement of the notice itself, is unwarranted, because the court is construing the effect of the applicable statute "after copyright has been secured". In the *Washingtonian* case, the Supreme Court was testing the effect of Section 13 of the Copyright Act, not the effect of the Sections under discussion herein. Prior to the enactment of the 1909 Copyright Act, a person seeking copyright was required to deposit his work with the Register of Copyrights before the copyright could become effective. The change in Section 13 was reflected in the fact that copyright was now obtainable upon the production of the work and publishing it with the requisite copyright notice. The deposit of the work with the Register of Copyrights was not an act in perfecting the copyright, but was only a procedural requirement occurring after the copyright had already been secured. The Court, in reading Section 13 of the Act, noted that the work had to be properly deposited in the Copyright Office, which was a procedural requirement, in that no suit on a copyright could be instituted "until" the provisions of the Statute were complied with. The Court distinguished this from the word "unless", holding that Congress had not intended this to mean that copyright would be forfeited, but only that the right to institute action would be delayed. Notwithstanding the frequent citation of the *Washingtonian* case as authority that the copyright statutes are to be liberally construed, the courts have unfailingly, as indicated above, refused to recognize a valid copyright where the notice was placed without complying with the statute.

B. The Law of the State of California Is the Correct Law to Apply.

In this situation where there is pendent jurisdiction under 28 U. S. Code Section 1338(b), that portion of the instant action which is the basis for claim for unfair competition concerns itself primarily with the use by the petitioner of phonograph records in the form of an album which was used in connection with the instruction booklet. The Court of Appeals for the Ninth Circuit in the instant action has held that the Lanham Act (15 U. S. C. 1126) has created a substantive federal law of unfair competition, and that in an instance where there is no diversity of citizenship, California law does not apply to a claim for unfair competition. See also *Bliss v. Gotham Industries, Inc.*, 316 F. 2d 848 (9 Cir. 1963). The Court of Appeals does not hesitate to hold, however, that where jurisdiction was based solely on the ground of diversity of citizenship, the California law would have to apply. See *Kemart Corporation v. Printing Arts Research Laboratory, Inc.*, 269 F. 2d 375 (9 Cir. 1959). The holding of the Ninth Circuit in the instant case is a culmination of its earlier holdings in *Stauffer v. Exley*, 184 F. 2d 962 (9 Cir. 1950) and *Pagliero v. Wallace China Company*, 198 F. 2d 339 (9 Cir. 1952). The Court of Appeals for the Second Circuit in *Maternally Yours v. Your Maternity Shop*, 234 F. 2d 538 (2 Cir. 1956) has expressly rejected the holdings of the Ninth Circuit in the *Stauffer* and *Pagliero* cases. The Second Circuit in the *Maternally Yours* case took great pains to interpret the Lanham Act and particularly Section 1126(h) of the Act, and determined that its effect on citizens of the United States was to give them the same benefits as granted to aliens under that particular section. The Court was forced to the conclusion that the Act does not give jurisdiction to the District Courts over an action brought by any plaintiff with whose interstate commerce defendant has unfairly competed. In *Capitol Records v. Mercury Records Corporation*, 221 F. 2d 657 (2 Cir. 1955), the Second Circuit held unequivocally at page 662 that the copyright act does not deal with the protection of phonograph records of the performances of public domain compositions by virtuosos and that the Court has no basis for applying federal law.

> "We must apply the law which would have been applied in the Courts of the State embracing the district of the court below. *Erie Railroad Co. v. Tompkins*, 304 U. S. [illegible] 58 Supreme Court 817, 82 Law Ed. 1188."

Granted, however, that the *Capitol Records* case did not involve parties who lacked diversity of citizenship. In *American Automobile Association v. Spiegel*, 205 F. 2d 771 (2 Cir. 1953), the Second Circuit rejected the view that the Lanham Act brought all claims of unfair competition by those engaged in interstate commerce within the federal questioned jurisdiction of federal district courts. In *Artype, Inc. v. Zappulla*, 228 F. 2d 695 (2 Cir. 1956), the Second Circuit clearly indicated that state law governed a claim for unfair competition brought in a federal court. Again, however, the *Artype* case included parties where there was a lack of diversity. Footnote 1 on page 540 of the *Maternally Yours* case contains an extensive review of the question of federal substantive law under the pendent jurisdiction provision of 28 U. S. Code Section 1338(b), and the Second Circuit's position that the source of the right sued upon did not find itself in federal law, but in state law. In that footnote, the Second Circuit makes the distinction between the "jurisdiction" of the federal court as opposed to the creation of a federal substantive right.

In *Royal Lace Paper Works v. Pest-Guard Products*, 240 F. 2d 814 (5 Cir. 1957), the Court of Appeals for the Fifth Circuit was urged to adopt the holdings of the Ninth Circuit in the *Stauffer* and *Pagliero* cases. After a lengthy analysis of the arguments in the diversity of opinions involved, the Fifth Circuit held that the Lanham Act confers no independent ground of federal jurisdiction of suits for unfair competition, and particularly made reference to the *American Automobile Association* case, and the Third Circuit case of *L'Aiglon v. Lana Lobell, Inc.*, 214 F. 2d 649 (3 Cir. 1954). Obviously, therefore, there is a clear distinction between the Ninth Circuit on one side and the Second Circuit, the Fifth Circuit and the Third Circuit on the other side as to the effect of the pendent jurisdiction provision of 28 U. S. Code 1338(b) with special reference to the Lanham Act. The Ninth Circuit would recognize the necessity for the application of state law when there is a lack of diversity between the contesting parties, but would not apply the same state law when both parties are citizens of the same state. It would appear that Congress, if there is any question, has intended to the contrary, and would leave the litigants with the same citizenship subject to the law of their local jurisdiction.

The Supreme Court of the United States does not appear to have ruled on the question of whether 28

U. S. C. 1338(b) is a procedure for enforcing a substantive federal right created under the Lanham Act. Prior to the passage of the Lanham Act, federal courts had authority to decide claims of unfair competition only if federal jurisdiction was supplied by diversity of citizenship, or if the unfair competition claim was pendent to a substantial and related federal claim. *Hurn v. Oursler*, 289 U. S. 238, 53 S. Ct. 586, 77 L. Ed. 1148. 28 U. S. C. Section 1338(b) was adopted two years after the Lanham Act. The Third Circuit in the *L'Aiglon* case interprets this to mean that the Lanham Act was not intended to bring unfair competition within federal jurisdiction, and that 28 U. S. C. Section 1338(b) was a codification of the rule of *Hurn v. Oursler*, *supra*. The Ninth Circuit therefore seems to stand alone in stating that a federal substantive law has been created, and in applying this law to cases where the litigants lack diversity of citizenship. The Second, Third and Fifth Circuits hold that the state law applies because there has been no federal substantive law of unfair competition, regardless of whether there is diversity of citizenship or not.

Conclusion.

For the reasons set forth above, it is respectfully submitted that this petition for a writ of certiorari should be granted.

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By Herbert M. Weiser,
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EXHIBIT A.

Opinion of the United States Court of Appeals for the Ninth Circuit.

United States Court of Appeals, for the Ninth Circuit.

John A. Neal and John G. Duffy, individually and dba Workshop Publications, a co-partnership, Appellants, vs. Thomas Organ Co., a California corporation, Appellee. No. 18,386. Dec. 27, 1963.

Appeal from the United States District Court for the Southern District of California, Central Division. Before: Barnes, Jertberg and Duniway, Circuit Judges. Barnes, Circuit Judge:

Appellants brought suit below against appellee for copyright infringement and unfair competition. The district court found for defendant, and plaintiffs appeal.

The district court had jurisdiction under 28 U.S.C. § 1338(a) and (b). This court has jurisdiction pursuant to 28 U.S.C. § 1291.

The basic findings of fact of the district court are uncontroverted and are here adopted.[1]

---

[1] "II. That at all times relevant to this action plaintiffs John A. Neal and John G. Duffy were partners doing business under the firm name and style of Workshop Publications; that plaintiffs filed and published a notice of doing business as Workshop Publications under the provisions of California Civil Code Sections 2466 and 2468.

"III. That for twenty-five years last past, plaintiff John G. Duffy has been an accomplished pianist, organist and piano and organ instructor. Prior to any business or dealing relationship with the defendant, plaintiff John G. Duffy created, originated and wrote a course of instruction for teaching students to play the piano in fifty or fewer lessons.

"IV. That plaintiff John A. Neal is skilled in the art of sound recording. Prior to any business or dealing relationship with

The main legal questions are: (1) whether appellants have a copyright on a text valid against the whole world, or (2) at least valid against appellee, and (3) whether appellee was guilty of unfair competition concerning certain recordings.

defendant, plaintiffs had numerous discussions between themselves with respect to the application of [illegible] course of instruction as a self-teaching device in the form of an instructional manual to be used by the student in connection with sound recordings.

"V. That at all times relevant to this action, defendant Thomas Organ Co. was a California corporation engaged in the business of distributing organs manufactured by its parent corporation, Pacific Mercury Electronics, Inc.

"VI. That in March, 1957, defendant was interested in finding a self-teaching course of organ instruction as a give-away package for its distributors and dealers to induce them to buy and sell the Model 'C' Thomas electronic organ. Defendant became acquainted with plaintiffs and their course of instruction and encouraged plaintiffs to adapt it for defendant's said use.

"VII. That prior to entering into any contractual relationship with defendant and solely in anticipation of a possible sale to defendant, plaintiffs adapted their course of instruction to defendant's Model 'C' organ in substantially the condition in which it now exists and by August 1957 plaintiffs were ready for manufacture and sale of the same.

"VIII. In August 1957 plaintiffs as Workshop Publications entered into an oral agreement with defendant whereby it was agreed:

That plaintiffs would manufacture and sell said course consisting of a printed instructional manual and recordings embodying narrative and musical material to be performed by [illegible] in lots of 1,000.

Defendant agreed to advance the sum of $1,670.00 for plaintiffs' initial manufacturing cost and pay plaintiffs for each course purchased 10% above the cost thereof plus an additional royalty of fifty cents on each course purchased payable to [illegible] through Workshop Publications.

The defendant was to recoup the manufacturing costs and expenditures advanced by it on the resale of the course to its distributors at a nominal price therefor.

That plaintiffs were to have and retain control and approval over any reproduction of their said course. In this regard, defendant acquiesced in plaintiffs' request that they be the copyright proprietors of said course.

I. DO APPELLANTS HAVE A COPYRIGHT ON THE MANUAL VALID AGAINST THE WHOLE WORLD?

Section 20 of the Copyright Act (17 U.S.C.) provides in pertinent part:

> That the name or title of plaintiffs' course would be "HAVE FUN AT THE THOMAS ELECTRONIC ORGAN WITH JOHNNY DUFFY."

As an added inducement defendant led plaintiffs to believe that their course would receive national advertising and that defendant would distribute the course at a ratio of one or two courses for every two to five organs so as to enable plaintiffs to engage in independent sales activity once the ultimate consumer became acquainted with defendant's organ and plaintiffs' course of instruction. However, the specific amount of such advertising and the exact ratio of courses to organs was not definitely agreed upon and left to future negotiations.

"IX. That pursuant to said agreement, from August to December 1957, plaintiffs caused to be manufactured and sold to defendant 2,000 units of their course consisting of so-called first edition of plaintiffs' printed instructional manual and four records embodying the performance of Duffy. In December, 1957, plaintiffs and defendant negotiated and orally agreed to an increase in price to $675.00 per 1,000 units of said course. Plaintiffs made minor changes in their instructional manual and during the period of time from December, 1957 to December, 1958 plaintiffs caused to be manufactured and sold to defendant approximately 1,000 units of said instruction course consisting of the so-called second edition of plaintiffs' printed instructional manual and four records embodying Duffy's performance.

"X. That defendant paid plaintiffs for all of said courses purchased by it the price agreed to be paid therefor and plaintiffs did not charge defendant any fictitious or excessive costs in connection therewith.

"XI. Plaintiffs' copyright notice appeared on the third page of each and every copy of the first and second edition of said printed instructional manual in the following form: "© 1957 by Workshop Publications".

"XII. The first and second editions of plaintiffs' said printed instructional manual contained copyrightable subject matter.

"XIII. That the title of the first and second editions of plaintiffs' said printed instructional manual is "HAVE FUN AT THE THOMAS ELECTRONIC ORGAN WITH JOHNNY DUFFY". This title appears on [illegible] page of said work. [illegible] second page [illegible] the front side [illegible]

> "The notice of copyright shall be applied in the case of a book or other printed publication, upon its title page or the page immediately following, . . . or if a musical work either upon its title page or the first page of music."

Appellants have admittedly complied with all of the other requirements of the Copyright Act. The only question is whether they have properly placed the notice of copyright. The title of their publication appears only on the cover. The other side of the leaf on which the cover appears has been held to be the "page immediately following," *i.e.*, the second page. *Krafft v. Cohen*, E.D.Pa. 1940, 32 F.Supp. 821, reversed on other grounds, 3 Cir. 1941, 117 F.2d 579. The third page contains text and the copyright notice. The

the cover or the third page contains plaintiffs' said notice of copyright and this is the only place at which plaintiffs' notice of copyright appears. The said first leaf or third page is the only place at which a textural description of the course and instructions to students appear. The said first leaf or third page contains no music whatever.

"XIV. That plaintiffs deposited two copies of the first edition of said printed instructional manual together with a claim to copyright therein under the laws governing copyright and the Register of Copyrights issued Certificate of Registration No. [illegible] therefor. Plaintiffs deposited two copies of the second edition of said printed instructional manual together with a claim to copyright therein under the laws governing copyright and the Register of Copyrights issued Certificate of Registration No. 474,165 therefor.

"XV. That in January 1950 plaintiffs received information that defendant was selling their course to its distributors and dealers at a substantial profit. That plaintiffs requested an increase in the price for their course but defendant refused any such increase in price. That defendant requested plaintiffs to adapt their course to apply to all of defendant's organ models and sell the same to defendant at the same price at which defendant was purchasing the then existing course. That plaintiffs rejected such demand and thereupon defendant further demanded that plaintiffs deliver the printing plates and master recording materials to defendant for defendant's use of the same fourth page is the first page of music. Under the statute, appellants could have complied with the notice requirement by placing the notice of copyright on the cover or on the fourth page, if the work is a musical composition, or on the second page, if the work is a Book. By the definition in *Kratt v. Cohen, supra*, the notice is on the third page. Yet appellants contend that this placement constitutes literal or substantial compliance with the statutory requirement such that they have a copyright valid against the whole world.

Basically, the argument of appellants is that the title page is not the cover page but the third page. They support this argument with (1) cases which state that the purpose of the copyright requirements is to protect innocent persons who are unaware of the existence

in the production and sale of a course of instruction by defendant and further requested the use of Duffy's name on and in connection with such course. Plaintiffs refused to comply with such demand and notified defendant in writing that any reproduction of plaintiffs' materials would result in legal action.

"XVI. Commencing in March, 1959 and continuously thereafter to and including the time of the trial hereof, defendant manufactured and sold a course of organ instruction entitled 'HAVE FUN AT THE THOMAS ELECTRONIC ORGAN' consisting of a printed instructional manual and four records. The printed instructional manual produced and sold by defendant is substantially identical in form and content to the first and second editions of plaintiffs' said instructional manuals and was copied therefrom. The four records produced and sold by defendant contain narrative material most of which was written by plaintiffs but with minor changes applying to all of defendant's organ models. Defendant recorded such narration and narration with music by its own performers, but Duffy's recorded performance is reproduced and duplicated on all four records. However, Duffy's recorded performance so reproduced and duplicated constitutes less than half of the performances recorded thereon.

"XVII. That from March 1959 to the date of trial, defendant has sold approximately [illegible] courses of instruction manufactured and produced by it as aforesaid and derived substantial net profits therefrom."

of the copyright from suffering or making use of the copyrighted article.[5] (2) cases which state that the copyright statutes must be liberally construed,[6] and (3) cases which state that to determine which page is the title page the court must look at the peculiar characteristics of the particular publication.[7]

We do not believe that the third page can be deemed to be the "title page." All four of the cases cited in footnote 4 are strong authority against the argument of appellants that the third page rather than the covering page is the "title page." In particular, we consider unanswerable the following observation in *Freeman v. The Trade Register* (C.C.W.D.Wash. 1909) 173 Fed. 419, 424:

> "But whatever features may or may not be definitive of the title page, it would seem to be beyond controversy that the title page must be a page which contains the title."

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[5] *Burrow-Giles Lithographic Co. v. Sarony*, 1884, 111 U.S. 53, 55; *Fleischer Studios v. Ralph A. Freundlich, Inc.*, 2 Cir. 1934, 73 F.2d 276, 277, cert. den. 294 U.S. 717; *H. M. Kolbe Co., Inc. v. Armgus Textile Co., Inc.*, 2 Cir. 1963, 137 U.S.P.Q. 9, 11; *National Comics Publications v. Fawcett Publications*, 2 Cir. 1951, 191 F.2d 594, 603.

[6] *Washingtonian Publishing Co., Inc. v. Pearson*, 306 U.S. 30, 36 (1939); [illegible] 113 F.Supp. 119 (S.D.Cal. 1953); *Shapiro-Bernstein & Co. v. Jerry Vogel Music Co.*, 2 Cir. 1946, 161 F.2d 406, cert. den. 331 U.S. 820; *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 173 F.Supp. 292, 305 (S.D.N.Y. 1959), aff'd. 274 F.2d 487; [illegible] 134 F.Supp. 551, 554 (S.D.N.Y. 1955), and various other cases cited in Doyle et al., Notice of Copyright, Study No. 7, Sub-Committee on Patents, Trademarks and Copyrights of the Committee on the Judiciary, U.S. Senate, 86th Congress, 2d Sess., pursuant to S. Res. 240, at p. 11.

[7] *Freeman v. The Trade Register*, 173 Fed. 419 (C.C.W.D. Wash. 1909); [illegible] F.2d [illegible] (8 Cir. 1950); [illegible] 128 F.Supp. 71 (D.Colo. 1954); [illegible] 98 F.Supp. [illegible] (S.D. [illegible] 1951).

Thus, the cover is the "title page," for it is the only page which contains the title.

However, even if the statutory notice does not appear on the title page, it is adequate if it appears on "the page immediately following." Is the third page "the page immediately following" the "title page"? Judge Kalodner ruled that it was not, *Kraft v. Cohen, supra.* However, in so holding, he relied entirely upon a dictionary definition of the word "page" as meaning one side of a leaf of a book. That definition, however, can support an opposite conclusion. An average citizen would regard the cover as something different from the leaves of a book or pamphlet. Webster's New International Dictionary, 3d Edition, defines cover as "a binding or case for a book or the comparable outer part of a pamphlet or magazine." Funk & Wagnall's New Standard Dictionary defines cover as "that which is spread or fitted over, or encloses anything." The same dictionary defines leaf, so far as material here, as "something resembling a leaf [of a tree] in being broad, thin and flat, or in being movable attached, by an edge or an end to something else: (1) a single division of a folded sheet of paper, or the like, as in a book. . . ." We are satisfied that the average citizen thinks of the leaves of a book as being, as Funk and Wagnall says, *in* the book, meaning inside the cover of a book.

Thus it seems reasonable for an average citizen to conclude that the page immediately following the title page would be the third page because that is the first page on the first leaf. Of course, it would also be reasonable to conclude that notice on the inside front cover is sufficient. We think notice on either is sufficient.

but limit our opinion to the peculiar circumstances of this case in which the title appears only on the cover and in which the cover is of a harder and less malleable material than the leaves within.

Although the cases cited in our footnotes 2 and 3 do not go directly to the issue involved here, the policy and trend indicated in those cases lend support to our conclusion here. We recognize there is little room here for "liberal interpretation" or for a consideration of "Congressional intent." We also recognize that the United States has refused to adopt for Americans the practice prevalent in most European countries whereby notice is sufficient when placed in such manner and location as to give reasonable notice of the claim of copyright.[4] Yet we believe the conclusion which we reach does not do violence to the copyright laws where the correct answer is not obvious from the statute. We are influenced by the following observations of Judge Learned Hand:

> "We are unwilling to allow a forewarned infringer to invoke an innocent omission from the letter that could not in the slightest degree prejudice him or the public." *National Comics Publications v. Fawcett Publications*, 2 Cir., 1951, 191 F.2d 594, 603.

And:

> "[A] literal interpretation of the words of a statute is not always a safe guide to its meaning." *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 2 Cir., 1960, 274 F.2d 487, 489.

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[4] See 17 U.S.C. § 9(c), whereby the United States adopted such a liberal standard for works whose authors are citizens of countries subscribing to the Universal Copyright Convention of Geneva, Switzerland, on September 6, 1952.

We hold that under the circumstances of this case it was clearly erroneous to hold that appellants do not have a copyright valid against the whole world. Because of our conclusion on the first point, we need not reach the second question.

II. IS DEFENDANT GUILTY OF UNFAIR COMPETITION?

The copyright issues in this case relate only to the instruction book used by defendant since its falling out with plaintiffs, and not to the issue of unfair competition. The trial court correctly pointed out that both parties recognized the fact that copyright protection does not extend to phonograph records comprising performance of public domain literary property or musical compositions. *Capitol Records v. Mercury Records Corp.*, 2 Cir., 1955, 221 F.2d 657, and cases cited [illegible]. There could be no compliance with section 9 or 10 of the Act (17 U.S.C. §§ 19, 20) "publication with notice of copyright . . . either upon the title page or the first page of the music."

The unfair competition issue relates only to the phonograph records used by defendant subsequent to that same falling out with plaintiffs. Each of the four records involves several lessons. In a typical lesson, the narrator describes a certain step of how to play in [illegible] rhythm. Then the [illegible] is illustrated by plaintiff Dery playing on the [illegible] organ. At times there are both narration and [illegible]. [illegible] used for the narration by defendant was written by plaintiffs. [illegible] the narration [illegible] the musical illustration [illegible] possible.

The trial court held that an action based on unfair competition is predicated on state law, relying on the same case cited above, *Capitol Records v. Mercury Records Corp.*, at p. 662. There Judge Dimock held that "since the Copyright Act did not deal with phonograph records of the performance of public domain compositions by virtuosos, we have no basis for applying federal law," and that the law of the forum prevailed. Here, applying California law, the trial court concluded that there had been no unfair competition either as to narrations or as to musical illustrations. In reaching such conclusion, the trial court pointed out that "research fails to reveal any decisions from" the State of California save *Hesse v. Grossman*, 1957, 152 Cal.App.2d 536, 313 P.2d 625 and *McCord v. Plotnick*, 1951, 108 Cal.App.2d 392, 239 P.2d 32.

On this issue of unfair competition, we conclude that the judgment of the trial court must be vacated and the cause remanded. We are required to do so because of our decision in *Bliss v. Gotham Industries, Inc.*, 9 Cir. 1963, 316 F.2d 848. In that case we held that, there "being no diversity of citizenship, California law does not apply to appellant's claim for unfair competition." (p. 854) Here there was no diversity of citizenship. The plaintiffs alleged in their amended complaint that they were citizens of California and that defendant was a California corporation. The trial court could not have been aware of our holding in the *Bliss* case, for that case was decided [illegible] months after the trial court rendered its decision in this case. We thus remand for consideration in light of the *Bliss* case.

Of course, we had previously approved the applicability of California law in unfair competition cases where the jurisdiction was based *solely* upon the ground of diversity of citizenship. *Kemart Corp. v. Printing Arts Research Lab., Inc.*, 9 Cir. 1959, 269 F.2d 375 at 388. And many opinions draw no line between the decisions of federal courts under federal law and those decided under state law.[8]

But this court flatly stated in *Bliss v. Gotham, supra*, that "there being no diversity of citizenship, California law does not apply to the appellants' claim for unfair competition." (p. 854)

In holding that under the Lanham Act (15 U.S.C.A. § 1126) there had been created a substantive federal law of unfair competition wherever interstate commerce was involved, the Ninth Circuit differs from other circuits. *Stauffer v. Exley*, 9 Cir. 1950, 184 F.2d 962; *Pagliero v. Wallace China Co.*, 9 Cir. 1952, 198 F.2d 339. *Cf. Maternally Yours v. Your Maternity Shop*, 2 Cir. 1956, 234 F.2d 538, especially note 1 and Judge Clark's concurring opinion, p. 545.

Under the "pendent litigation" theory (28 U.S.C.A. § 1338(b)), the issues here involving the alleged infringement of the copyright and the alleged unfair competition were "substantial" and closely "related." Because "copying" was admitted, the court ordinarily would be required to consider whether a case of unfair competition had been made out by proof that defendants "palmed off" their product, or by proof of secondary meaning as to source; either of which had deceived, or could deceive, the public. There appears no such proof in the record before us; but do we know there might not have been, had the court below been of the view that federal rather than State law applied? The same result may occur on remand, but this we do not know, particularly in a case where both parties believed until midway during the trial that a valid copyright existed, and that such copyright issue was fundamental and controlling.*

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[8] "We [illegible] federal and New York law [illegible] Hyde Park Fabrics, Inc., 2 Cir., 221 F.2d 223, 225 [illegible] even more vigorously [illegible]." Concurring opinion, Maternally Yours v. Your Maternity Shop, 2 Cir. 1956, 234 F.2d 538, 545.

Finding no California law, the court below reasoned that a substantial duplication might be actionable; that a partial duplicate of a less important part *might* be; but that here "plaintiff Furry's duplicated performance adds little or no value to the records." (Tr. 63) and that therefore there could be no recovery. "To award recovery," said the trial court, "upon such a *de minimus* appropriation would be in effect to give recognition to plaintiffs' exclusive property right in the entire instrumental record [illegible] by failing to comply with the strict but simple requirements of the copyright laws." (Tr. 63)

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* [illegible]

We believe such reasoning should not be followed in determining whether there had been actionable misappropriation. Either there had been such actionable misappropriation, or there had not been. If the former, no matter how slight, a cause of action existed. If the damage was so slight as to be *de minimis*, that rule would justify either a judgment for defendant, or more preferably (because more accurate), an award of nominal damages, such as one dollar or one cent. In other words, the court's problem was one of remedies, to be arrived at only after a determination that actionable misrepresentation existed.

We reverse the judgment in so far as it holds the copyright invalid, and vacate that part of the judgment concerning unfair competition, and remand for further proceedings not inconsistent with this opinion.

(Endorsed:) Opinion Filed Dec 27, 1963.

Frank H. Schmid, Clerk.

EXHIBIT B.

Memorandum Opinion.

United States District Court for the Southern District of California, Central Division.

John A. Neal and John G. Duffy, individually and doing business as Workshop Publications, a copartnership, Plaintiffs, vs. Thomas Organ Co., a California corporation, Does I through X, inclusive, Defendants. No. 1193-59-S.

This action was instituted under the copyright laws of the United States, 17 U.S.C.A. § 1, et seq. Plaintiffs allege in their complaint that the Defendant unlawfully infringed their copyrights to an instruction course for the Model "G" Thomas Electronic Organ, and, in addition, charge the Defendant with unfair competition. They seek to recover damages and to enjoin the Defendant from continuing the alleged misconduct.

Defendant, the primary distributor of said organ, denied the material allegations of Plaintiffs' complaint and claims ownership of said copyright by virtue of an alleged proprietary interest in the instruction course. Defendant also filed a counter-claim for damages for the alleged conversation by Plaintiffs of the make ready equipment used in the manufacture of said course.

These claims were tried before the Court without a jury. All parties to the controversy concentrated their efforts on the issue of copyright infringement and left their proof of unfair competition and conversion to chance. The evidence adduced at the trial reveals that the Plaintiff, John A. Neal was, and is, a man skilled in the art of sound recording. Through mutual employment at a radio and TV studio in Hollywood, California, he became acquainted with the Plaintiff, John G. Duffy, who is, and had been for the past twenty-five years, an accomplished pianist, organist and piano and organ instructor. Between July 1955 and March 1957, Plaintiffs had numerous discussions concerning an instruction course created by Duffy for teaching students to play the piano and organ in fifty or fewer lessons. The precise nature of said course is of no significance herein. It is not disputed that portions of it contain copyrightable material. Both Plaintiffs and Defendant have, in fact, attempted to copyright substantially the same portion thereof. Suffice it to say that the course in question was created by Duffy from knowledge gained by him from long experience as an instructor, and was made into a workable and presentable do-it-yourself instruction course by both Plaintiffs. It consists of an album containing four records and a book of music arranged by Duffy. The records and the book complement one another so that a student who attempts to play the music in the book can receive instructions from the voice and music of Duffy on the records.

Defendant is a California corporation and was, at all times pertinent, engaged in the business of distributing organs manufactured by its parent corporation. It was interested in finding a course comparable to the Plaintiffs' as a give-away package for its distributors and dealers to induce them to buy and sell the Model [illegible] Thomas Electronic Organ. In the spring of 1957 Defendant's agents became acquainted with the Plaintiffs and their course and encouraged them to [illegible] for Defendant's use. In and [illegible] said course to Defendant. Plaintiffs [illegible] the Defendant's organ. They had a workable and presentable adaptation ready for Defendant to take to a music show in Chicago in July. There it received favorable acceptance by the trade and Defendant took advance orders for the same. At this time it was substantially in the condition in which it now exists, and, except for minor errors in composition and recording, was ready for manufacture and sale.

The Court finds from the record that at no time during any of the events related above did Plaintiffs and Defendant enter into a contract of any nature. Plaintiffs developed said course merely in anticipation of an arrangement with the Defendant whose agents professed a complete lack of authority to bind Defendant contractually. In August, 1957, the Plaintiffs finally met with the Defendant's President, Joseph Benaron, in an attempt to work out a formal agreement. What transpired at this meeting is, for the most part, a matter of speculation. The testimony in this regard is particularly conflicting and vague. However, the conduct of the parties thereafter substantiates some of the testimony given. The Court finds that the Plaintiffs were then operating under the name of Workshop Publications, a partnership. They agreed to manufacture said course and sell it to the Defendant in lots of one thousand. Defendant agreed to pay Plaintiffs $1,700.00 for their initial efforts, ten per cent above cost for each course it purchased, and a fifty cent royalty on each course purchased payable to Duffy through said partnership. Since the partnership had no finance, Defendant agreed to advance the manufacturing costs. The course was to be [illegible], however, to recoup its costs and expenditures. [illegible] Defendant sold each course to its distributors and dealers for a nominal amount.

As an added inducement, Defendant led Plaintiffs to believe that their course would receive national advertising and that Defendant would distribute the course at the ratio of one or two courses for every two to five organs. This arrangement was contemplated by both parties as a means of providing Plaintiffs with future independent sales once the ultimate consumer became acquainted with the Thomas organ and Plaintiffs' course of instruction. However, the specific amount of advertising involved and the exact ratio of courses to organs was never definitely agreed on, and these matters were left to future negotiations.

At this same meeting the subject of copyrights was submitted by Plaintiffs to Defendant's president who shrugged off the problem by announcing that Defendant "was not in the publishing business." His sole concern appeared to be to keep the manufacturing costs down. At this meeting he agreed to order one thousand courses at a cost of $480.00.

The matters agreed to by the parties were never reduced to writing, and they began their dealings under these uncertain terms. Plaintiffs attempted to copyright the book of music and caused the entire course to be manufactured by independent contractors. They retained all dominion and control over the makeready equipment, and Defendant evinced no interest in the matter nor did it ever demand [illegible] that Plaintiffs' copyright notice appear on every course purchased by it. The [illegible] Plaintiffs to Defendant [illegible] terms. Therefore the [illegible] and [illegible] agreed to an increase in price to $695.00 per thousand. Plaintiffs made minor changes in their course and put out a second edition. Again Plaintiffs attempted to copyright the course and the Defendant registered no complaints in regard thereto. Eventually the total sales by Plaintiffs to Defendant reached approximately six thousand courses.

In January, 1950, Plaintiffs became dissatisfied with their arrangement. They had received information to the effect that Defendant was selling the course to its distributors and dealers at a substantial profit and, therefore, they wanted more money for their efforts. In addition, they complained about the insufficient amount of advertising which their course had been receiving. Defendant was advised of their feelings, but refused to increase the price, and, in turn, wanted Plaintiffs to adapt the course to apply to all of Defendant's organ models under the same terms and conditions. Plaintiffs, likewise, refused these demands. Thus, stalemated, Defendant sought, and obtained, legal advice concerning its rights to adapt and reproduce Plaintiffs' course for universal application to all its organs. Being advised to the effect that despite Plaintiffs' alleged copyrights it might use the existing course with impunity for whatever purposes it desired, Defendant's agents made certain changes in said course and manufactured and sold the same. Defendant informed Plaintiffs of its intentions and asked if Plaintiff Duffy would lend his name to the new universal course. Plaintiffs replied that they would institute legal proceedings if Defendant carried out its intentions, and Duffy denied Defendant's request to use his name. Thereafter Defendant [illegible]

5.578 courses that were a partial duplication of Plaintiffs' efforts and, therefore, Plaintiffs instituted these proceedings. Their complaint alleges four causes of action, a copyright infringement claim and an unfair competition claim for each of the two editions. For purposes of this opinion the Court will consider the merits of each of the above theories without making any distinction between the two editions. Plaintiffs' two editions, except for minor changes, are identical.

The issues raised by the pleadings and briefs are numerous. Counsel have laboriously researched and presented nearly all of the issues for the Court's determination by way of exhaustive briefs, submitted in lieu of oral arguments. Defendant, however, appears to have abandoned its counterclaim for conversion by its failure to pursue the matter to any degree during the trial and by ignoring it completely in the written arguments. The Court, in any event, is of the opinion that Defendant wholly failed to sustain its burden of proof in regard thereto. The only serious claims which have been presented and consistently maintained are Plaintiffs' actions for copyright infringement and unfair competition. Insofar as the copyright action is concerned, the issue which the Court deems most pertinent thereto, and which takes precedence over all others, is the question of the sufficiency of Plaintiffs' copyright notice.

Plaintiffs concede that the only portion of their course involved in their copyright [illegible] of music. On the first page of [illegible] are the words "How [illegible] The [illegible] Organ [illegible] designed [illegible] book. This was the title agreed to by the parties and submitted by Plaintiffs in their application for registration with the copyright office for both the first and second editions of the book (Exhibits 6 and 7).

In applying for their copyright certificate, the Plaintiffs classified the first edition as a "musical composition" and the second edition as a "published book," although for all intents and purposes the two editions are indistinguishable. Upon obtaining said copyrights, Plaintiffs were required by law to place the appropriate notice on said books, as follows:

> "The notice of copyright shall be applied, in the case of a book or other printed publication, upon its title page or the page immediately following, or if a periodical either upon the title page or upon the first page of text of each separate number or under the title heading, or if a musical work either upon its title page or the first page of music. One notice of copyright in each volume or in each number of a newspaper or periodical published shall suffice." 17 U.S.C.A. § 20.

In each edition of their book, however, Plaintiffs placed said notice on the third page which does not contain the title of the book, nor is it the first page of music if the book is considered to be a musical composition. The title is printed at only one place in either edition and that is on the cover. Under these circumstances, Defendant contends that Plaintiffs' copyrights are invalid and unenforceable, and this contention is supported by the overwhelming weight of authority.

The title page of a book must be a page which contains the title. Freeman v. The Trade Register, 173

Fed. 419 (C.C. W.D. Wash. 1909). Hence, the only page of the book in question which can be considered the title page is the front cover. Section 20, supra, compels said notice to be placed on the title page or the page immediately following when a book is involved; or, in the case of a musical composition, upon the title page or the first page of music. According to the teachings of Kraft v. Cohen, 32 F.Supp. 821 (E.D. Pa. 1940), reversed on other grounds, 117 F. 2d 579 (3rd Cir. 1941), each leaf of a book is two pages. Therefore, in the instant case, the front cover is page one and the back of said cover is page two. Page two of the book is blank and the copyright notice appears only upon page three. Since page three is not the title page nor the page immediately following it, and since it does not contain the first page of music, the inescapable conclusion is that Plaintiffs have failed to comply with the strict requirements of Section 20, supra, and by reason thereof their action for copyright infringement must fail. A misplaced copyright notice is ineffective and invalidates the copyright. Booth v. Haggard, 184 F. 2d 470 (8th Cir. 1950); Moger v. WHDH, Inc., 194 F.Supp. 605 (D.C. Mass. 1961); Siewek Tool Company v. Morton, 128 F.Supp. 71 (E.D. Mich. 1954); Kraft v. Cohen, supra.

Plaintiffs, independent of the above claim, seek to recover damages and to obtain an injunction on the theory of unfair competition. Whereas the copyright claim pertained solely to the book, their unfair competition claim is based solely on the Defendant's alleged duplication of the records contained in said [illegible]. Both parties recognize the [illegible] tion does not extend [illegible] ing [illegible] musical compositions. Capitol Records v. Mercury Records Corporation, 221 F.2d 657 (2d Cir. 1955). This is the case at bar. Plaintiffs do not contend that the materials used in the records, or the records themselves are the subject matter of any copyrights possessed by them.

An action based on unfair competition is predicated on state law. Capitol Records v. Mercury Records Corporation, supra. In this instance, the law of the State of California is applicable. Research fails to reveal any decisions from that State, and none has been cited, involving the question presented by Plaintiffs' claim. In fact, only a few jurisdictions have had the opportunity to express their views on the general question of whether or not the duplication and sale of records of a competitor constitutes unfair competition. The view adopted by the majority of them is, however, that such conduct is actionable. In general the courts recognize that the legitimate record producer has a special property right of commercial value in a record made and manufactured by his honest labor and expenditures which a court of equity should protect from duplication and sale by a competitor. If such a duplication were not prohibited, the duplicator could enjoy the labor 2 and expenditures of the original record producer at little or no expense to himself. Obviously, under such circumstances, the duplicator could unfairly compete with said producer in the open market by offering the records for sale at a substantially reduced price. In addition, it is generally found that the duplicator turns out an inferior product and thereby injures the reputation of the original producer. Capitol Records v. Mercury Records Corporation, 109 F. Supp. 330 (S.D. N.Y. 1952), affirmed 221 F.2d 657 (2d Cir. 1955); Metropolitan Opera Ass'n v. Wagner-Nichols R. Corporation, 101 N.Y.S. 2d 483 (1950); Fonotipia Limited v. Bradley, 171 Fed. 951 (C.C. E.D. N.Y. 1909), overruled insofar as it conflicts with the opinion in G. Ricordi & Company v. Haendler, 194 F.2d 914 (2d Cir. 1952).

Although the courts of the State of California have not had the opportunity to deal with the problem involved here, they have used the above reasoning to decide similar controversies. In Hesse v. Grossman, 313 P.2d 625 (1957), the defendant, using slides made by plaintiff, copied plaintiff's three-dimensional religious pictures and thereby incurred no expense in creating his pictures or in constructing a plant or equipment for their production. The court recognized, among other things, that, despite the absence of any copyrights, the plaintiff had a unique product of significant commercial value which warranted protection from defendant's unfair practice. Defendant's reprehensible conduct was particularized by the court as follows:

> "* * * There is nothing in the injunction that prevents appellant from designing and constructing his own miniature stage sets, photographing them, making copies and selling them as his own. All it does is to prevent appellant from copying Hesse's photographs and selling them as appellant's own. This it clearly should do." 313 P.2d at 629.

Another California decision in point is McCord v. Plotnick, 108 Cal.App.2d 392, 239 P.2d 32 (1951), in which the defendant was enjoined from copying items from plaintiff's newspaper for its own publication. The court described the offensive conduct as follows:

> "* * * Defendants took material acquired by plaintiff as the result of organization and the expenditure of labor, skill and money and appropriating it without expense on their part, offered it to their subscribers as their own, diverting customers from plaintiff to themselves." 230 P.2d at 34.

Turning to the facts in the instant case, the Court finds that the Defendant used only parts of Plaintiffs' recordings in making its own set of records. The Plaintiffs' instruction course contains four records. Each record discusses several lessons. In a typical lesson the narrator describes a certain step, e.g., how to [illegible] given chords; then the point is illustrated by Plaintiff [illegible] on the Model "[illegible]" Organ and at times there is both narration and music. Defendants only duplicated Plaintiff [illegible]'s musical illustrations when it made its own set of records. The narration and narration with music on Defendant's set of records were accomplished by its own performers. This change was necessitated by the fact that Plaintiffs' course was designed only for the Model "[illegible]" organ while Defendant's course was designed for all of its models. Hence, some changes had to be made in the script used by the narrator and Plaintiffs' recorded narration could not be duplicated. Most of the script used by Defendant was written by Plaintiffs, but since they had [illegible] said records and Defendant used its own performers to make this portion of its records, this use of Plaintiffs' records is not actionable. Hess v. Grossman, supra.

Under these circumstances the precise question is whether or not Defendant's duplication of Plaintiffs'

Duffy's musical illustrations constitutes unfair competition. The cases offer little assistance in resolving this question inasmuch as they involve total duplication. Common sense dictates that a substantial duplication would be actionable. Mere minor alterations would be too subtle to overcome the objections to such a practice. Where, as here, less than half of the recordings were duplicated, the misconduct is not so reprehensible nor the injuries so manifest. Even a partial duplication might be actionable where the part used constitutes the material or valuable portion of the record; for example, if one were to duplicate the solo performance of a popular artist while using his own orchestra for the remainder of the record. In that case the Defendant's would be duplicating that portion of the competitor's record which makes it valuable property. This supposition, however, is not applicable to the facts of the case at bar for Plaintiff Duffy's duplicated performance adds little or no value to the records. It is neither unique nor a material part of said records and his performance could have been accomplished by an organist of average ability without impairing the usefulness or purpose of the records. The records as a whole have little or no value and Plaintiffs have failed to prove otherwise. They have no feasible purpose when separated from the entire course and it is only the course which has any substantial value. No doubt it is true that Defendant acquired [illegible] in making its recordings by using Plaintiff Duffy's performance. Nevertheless, Plaintiffs have failed to prove what these savings may have been or how their damages might reasonably be estimated [illegible] the limited duplication involved. Therefore, the Court is of the opinion that Plaintiffs have failed to establish that Defenant misappropriated any property rights of significant value on which an award of damages and an injunction might be based on the theory of unfair competition. To award such relief under the above circumstances would, in effect, give recognition to Plaintiffs' valuable property rights in the entire instruction course which they lost by failing to comply with the strict but simple requirements of the copyright laws.

Accordingly, it is the opinion of this Court that judgment should be entered in favor of the Defendant and against the Plaintiffs on Plaintiffs' complaint and that judgment should be entered in favor of Plaintiffs and against Defendant on Defendant's counterclaim.

Counsel for the Defendant shall prepare Findings of Fact, Conclusions of Law and a proposed Judgment, serve copies of the same on counsel for the Plaintiffs and submit the originals to the Court.

Dated at Boise, Idaho, this 7th day of September, 1962.

Fred M. Taylor
United States District Judge